

## Message Text

UNCLASSIFIED

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44

ACTION EB-07

INFO OCT-01 EUR-12 NEA-10 ISO-00 ERDA-07 AID-05 CEA-01

CIAE-00 CIEP-02 COME-00 DODE-00 FPC-01 H-02 INR-07

INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04 USIA-15

SAM-01 OES-05 SP-02 SS-15 STR-04 TRSE-00 FEA-01 PA-02

PRS-01 /119 W

----- 030945

R 151135Z NOV 75

FM AMEMBASSY ALGIERS

TO SECSTATE WASHDC 3349

INFO AMEMBASSY PARIS

UNCLAS ALGIERS 3357

E.O. 11652: N/A

TAGS: ENRG, AG

SUBJ: FRENCH OIL CONTRACT FALLS THROUGH

1. ALGERIANS TOOK ANOTHER STEP IN CURRENT ANTI-FRENCH COMMERCIAL CAMPAIGN BY ANNOUNCING THAT ELF-AQUITAINE, ONE OF TWO MAJOR FRENCH FIRMS BUYING ALGERIAN OIL, WOULD RECEIVE NO OIL IN 1976. ALGERIAN PRESS SERVICE NOTES NOV. 13 THAT NEGOTIATIONS WITH ELF (REFERRED TO AS ERAP IN PRESS REPORT) HAD BEEN DEFINITELY BROKEN OFF. NEGOTIATIONS HAD CONTINUED FOR SEVERAL MONTHS, APS NOTES, DURING WHICH TIME FRENCH COMPANY INSISTED ON CONCESSIONARY PRICE WHICH BORE NO RELATION TO CONDITIONS IN THE MARKET. DESPITE REPEATING WARNINGS, FRENCH FIRM CONTINUED TO HOLD OUT FOR PRIVILEGED PRICE CLEARLY BELOW MARKET VALUE OF OIL. ALGERIA FINALLY DECIDED, APS ADDS, THAT IT WOULD SELL TO HIGHEST BIDDERS.

2. IT HAS BEEN LEARNED FROM RELIABLE SOURCE, APS CONTINUES, THAT ALL ALGERIAN OIL HAS BEEN COMMITTED TO DIVERSE PARTIES AT "AN INTERESTING PRICE" ABOVE WHAT UNCLASSIFIED

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ELF OFFERED. APS COMMENTS THAT SINCE SONATRACH MADE

KNOWN PREVIOUSLY THAT IT DID NOT WISH TO PURSUE COOPERATIVE (COPRODUCTION) AGREEMENT SIGNED IN 1971 AND AFTER ELF'S CURRENT ACTION, ONE COULD SAY THAT ELF HAS DISAPPERAED FROM THE ALGERIAN MARKET. WE ARE NOW THROUGH, APS SAYS, WITH "APPALLING" PRESS CAMPAIGN MOUNTED BY ELF.

3. COMMENT: ALTHOUGH SOME OF ALGERIAN OIL PURCHASED BY ELF IN PAST HAS BEEN TRADED TO US, ALGERIAN ACTION WILL HAVE COUNTERPRODUCTIVE EFFECT OF WORSENING BILATERAL ALGERIAN-FRENCH TRADE BALANCE, WHICH NOW HEAVILY IN FRENCH FAVOR.

PARKER

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NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** PETROLEUM, SALES, CONTRACTS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 15 NOV 1975  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** n/a  
**Disposition Approved on Date:**  
**Disposition Authority:** n/a  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
**Disposition Date:** 01 JAN 1960  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1975ALGIER03357  
**Document Source:** CORE  
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**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** D750398-0903  
**From:** ALGIERS  
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**Office:** ACTION EB  
**Original Classification:** UNCLASSIFIED  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 2  
**Previous Channel Indicators:** n/a  
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**Previous Handling Restrictions:** n/a  
**Reference:** n/a  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** izenbei0  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 28 APR 2003  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <28 APR 2003 by chicheje>; APPROVED <27 FEB 2004 by izenbei0>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
06 JUL 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** FRENCH OIL CONTRACT FALLS THROUGH  
**TAGS:** ENRG, AG, FR, ELF-ERAP, AQUITAINE  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006